

ORIGINAL

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION

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IN RE: CONSOLIDATED FINANCIAL :
STABILITY HEARING OF TRUMP TAJ MAHAL :
ASSOCIATES, TRUMP HOTEL MANAGEMENT :
CORPORATION, TRUMP'S CASTLE :
ASSOCIATES LIMITED PARTNERSHIP AND :
TRUMP PLAZA ASSOCIATES :

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Wednesday, June 26, 1991
Atlantic City Commission Office
Tennessee & Boardwalk
Atlantic City, NJ 08401

VOLUME VI

12

B E F O R E:

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STEVEN P. PERSKIE, CHAIRMAN
VALERIE H. ARMSTRONG, VICE CHAIR
W. DAVID WATERS, COMMISSIONER
FRANK J. DODD, COMMISSIONER
JAMES R. HURLEY, COMMISSIONER

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PRESENT FOR THE CASINO CONTROL COMMISSION:

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BARBARA A. GALLO, PRINCIPAL RESEARCH ANALYST
KAREN G. BIACHE, ADMINISTRATIVE ANALYST
DARYL W. NANCE, ADMINISTRATIVE ANALYST
THOMAS FLYNN, PUBLIC INFORMATION OFFICER

20

ON BEHALF OF THE COMMISSION STAFF:

21

STEVEN M. INGIS, COUNSEL I

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ON BEHALF OF THE DIVISION STAFF:

23

THOMAS N. AURIEMMA, DEPUTY ATTORNEY GENERAL

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25

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1 A P P E A R A N C E S: (cont'd)

2 RIBIS, GRAHAM & CURTIN, ESQS.
3 BY: JOSEPH A. FUSCO, ESQ.

4 I N D E X PAGE: 515

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6
7 E X H I B I T S
8 NUMBER DESCRIPTION PAGE
9 A-55B Executed amended and restated 504
10 outline of principal terms dated
11 June 25, 1991 by TCA and the
12 Bondholders Steering Committee
13 setting forth the structure and
14 principal terms upon which they
15 are prepared to resolve the
16 bondholders position
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1 MS. GALLO: Item 25, "Continuation of
2 financial stability hearing of Trump's Castle
3 Associates Limited Partnership."

4 Mr. Ingis.

5 MR. INGIS: Commissioners, I believe
6 all counsel are present. Mr. Fusco is here on behalf
7 of the licensee, Mr. Auriemma is here on behalf of the
8 Division, Mr. Ehrenberg is here on behalf of
9 participating Putnam.

10 CHAIRMAN PERSKIE: When we last met
11 we carried the matter to today so as to permit the
12 Commission to undertake a comprehensive look to see
13 what we needed and when and on what terms. We also
14 invited the parties to supplement the record if they
15 saw fit or were able to with respect to any other
16 information and material.

17 Mr. Fusco.

18 MR. FUSCO: Mr. Chairman, I received
19 several minutes ago actually what has been worked on
20 since the last time we appeared before the Commission
21 and it is an amended and restated outline of principal
22 terms dated June 25 which is an amended and restated
23 outline. A-55A was the exhibit that you had received
24 earlier.

25 CHAIRMAN PERSKIE: So this modifies

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1 that exhibit?

2 MR. FUSCO: This supersedes that
3 exhibit and I just provided your staff with I think
4 eight copies of it. You do not have it yet in your
5 papers. It's executed by Mr. Ribis and by the
6 Steering Committee. Mr. Trump will execute it
7 shortly. I'm not sure exactly when.

8 CHAIRMAN PERSKIE: For the time being
9 then are you offering the document?

10 MR. FUSCO: Yes.

11 CHAIRMAN PERSKIE: Have you given it
12 to Mr. Auriemma?

13 MR. AURIEMMA: I have seen it. I
14 have no objection.

15 CHAIRMAN PERSKIE: I suppose it
16 should be A-55B.

17 (A-55B was marked into evidence)

18 MR. FUSCO: That would be logical.

19 CHAIRMAN PERSKIE: Which is probably
20 the best way to do it and I suspect that we are having
21 copies of it distributed to us as we speak. This is a
22 document that purports to bear, a six page supplement
23 to a seven page document. The original document
24 purports to bear the signature of Mr. Ribis, Mr. Foss
25 and Mr. Nutt in their respective capacities. The

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1 representation of Mr. Fusco is that Mr. Trump has
2 signed it or will do so.

3 MR. FUSCO: He is in the process of
4 signing it now.

5 CHAIRMAN PERSKIE: We, of course,
6 will take a look at this and compare it with A-55A.
7 Is there any specific provision or set of provisions
8 in it that you wish to draw to our attention by way of
9 amendment?

10 MR. FUSCO: Only that it focuses on
11 the governance area that the Commission expressed
12 interest in and I believe it focuses on the other
13 areas that the Commission expressed interest in.
14 There are other things that have occurred, Mr.
15 Chairman, but at this point I don't think it would be
16 helpful for me to attempt to tell you precisely what
17 things are in motion now because they have not quite
18 landed where they will land.

19 CHAIRMAN PERSKIE: I understand. I
20 will point out for the Commission's attention the
21 provisions on page three under the heading of DJT
22 Management and incentive fees which differ in content
23 from the previous document on a quick look and
24 also--well, I see a number of things that I think I
25 recognize as being different, but this is not the time

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1 to do a sentence by sentence comparison.

2 MR. FUSCO: The governance concept is
3 contained.

4 CHAIRMAN PERSKIE: That's what I was
5 looking for. Where is that?

6 MR. FUSCO: In the six page exhibit
7 to the seven page document. In there is a quite
8 detailed elaboration of if you just leaf through
9 quickly, Mr. Chairman, you will see. Actually--

10 CHAIRMAN PERSKIE: You are correct.
11 Of course, it does have the heading of discussion
12 outline, but it is certainly at least a document that
13 didn't exist last week.

14 We will, of course, subject this to
15 the appropriate analysis as I am sure will Mr.
16 Auriemma.

17 Any other documents?

18 MR. FUSCO: That is the document at
19 this juncture, sir.

20 CHAIRMAN PERSKIE: Does the Division
21 have anything further?

22 MR. AURIEMMA: Not at this time.

23 CHAIRMAN PERSKIE: Anybody on the
24 Commission have questions of counsel?

25 Again, so that we are clear as to

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1 where we are from a procedural as well as a
2 substantive standpoint, the Commission on its own
3 motion has reopened the license for Trump's Castle
4 Associates with specific focus on the question of
5 financial stability. That was done prior to the
6 relicensing in I believe April or May of this year.
7 At the time of the relicensing the question of
8 financial stability was continued as an open issue and
9 continues through last Thursday or Wednesday, last
10 week in any event, through to today and in that
11 context the financial stability of Trump's Castle
12 Associates is yet to be established to the
13 Commission.

14 On June 20, 1991, the Commission
15 adjourned Trump Castle's financial stability hearing
16 in light of the uncertainty surrounding its eleventh
17 hour restructuring proposal. Obviously, Castle's plan
18 for long-term stability was and is too incomplete and
19 left and leaves too many questions unanswered to allow
20 for a meaningful analysis at this time. On June 20
21 the Commission briefly described some of the problems
22 inherent in the proposal, including the nonbinding
23 nature of the proposed term sheet, and indicated that,
24 when we reconvened, strict timetables would be imposed
25 to ensure expeditious implementation of any

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1 proposals.

2 I would admonish counsel that, if
3 there is any noncompliance with the following
4 schedule, the Commission will take whatever action may
5 be deemed necessary to protect and to preserve the
6 public interest. Further delays, for whatever reason,
7 simply cannot be tolerated.

8 Castle shall provide the following
9 material on the schedules indicated:

10 One, the outline of principal terms
11 dated June 15, 1991 as modified then introduced as
12 A-55 and today as modified by A-55B, which purports to
13 set forth the outline of the structure and principal
14 terms of an agreement between Castle and a majority of
15 the members of the Steering Committee of the
16 unofficial committee of Trump's Castle first mortgage
17 bondholders, or any finally amended version thereof,
18 shall be reduced to a binding, executed agreement
19 between Castle and the Steering Committee by July 31,
20 and shall be filed with the Commission and the
21 Division on or prior to that date. This agreement
22 shall include, among other things, the following
23 matters:

24 a) An executed agreement with
25 Midlantic Bank relating to Castle's debt of 50 million

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1 dollars and 13 million dollars, two separate debts.

2 b) A provision regarding a proposed
3 management agreement, detailing the fees and services,
4 or, if applicable, written verification that no
5 management agreement is contemplated.

6 c) Provisions concerning corporate
7 governance, including board representation and the
8 control and possible sale of the casino hotel
9 developed the price and terms upon which Donald Trump
10 may reacquire any portions of the equity transferred
11 to the bondholders in this agreement.

12 Second, a registration statement and
13 all requisite transaction and disclosure documents
14 shall be filed with the Securities and Exchange
15 Commission by July 31, and shall be filed with the
16 Commission and Division on their filing date with the
17 SEC. All subsequent amendments to SEC filings shall
18 be submitted to the Commission and Division on the day
19 they are filed with the SEC. In this regard, the
20 Commission expressly expects the Castle personnel to
21 react expeditiously and responsively to any comments
22 or recommendations made by the SEC to avoid any
23 unnecessary delay in the approval process. As any
24 amendments are filed, management shall submit a
25 schedule detailing the financial and cash flow

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1 implications of any changes from any prior SEC filing
2 to the Commission and the Division.

3 Third, within 20 days of the
4 registration statement being declared effective by the
5 SEC, Castle shall provide evidence, by written
6 submissions and any necessary testimony in supplement
7 thereof, that a sufficient percentage of bondholders
8 necessary to consummate the plan have approved the
9 plan.

10 Fourth, within 45 days of the
11 registration statement being declared effective by the
12 SEC, Castle shall file a petition with the bankruptcy
13 court for approval of the plan, and shall file copies
14 of that petition with the Commission and Division.

15 Fifth, by July 31, 1991, Castle shall
16 provide evidence of a conditional commitment for a
17 letter of credit, or provide a sufficient explanation
18 for not seeking or obtaining a credit facility and a
19 description of alternative satisfactory contingent
20 cash resources, including provisions hereinafter
21 required for progressive jackpots.

22 Sixth, by July 31, 1991 Castle shall
23 file:

24 a) forecasted financial statements
25 prepared in Commission format on a monthly basis from

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1 July 1, 1991, through June 30, 1993, except for
2 forecasted balance sheets, which should be prepared on
3 a quarterly basis from June 30, 1991, to June 30,
4 1993. In addition, detailed assumptions should be
5 included, provided that the forecasts differ from
6 those submitted in connection with the renewal
7 hearing, as well as a discussion of the financial and
8 cash flow implications of the restructuring plan.

9 b) A revenue and expense variance
10 analysis for the 12 months ending December 31, 1991,
11 based on actual results through June, and December
12 through December 31, 1992, and the six months ending
13 June 30, 1993, from the comparable prior period.

14 c) A schedule detailing the
15 forecasted fixed cash requirements prepared on a
16 monthly basis from July 1, 1991, through June 30,
17 1993.

18 d) A schedule detailing the
19 forecasted long-term debt balances prepared on a
20 quarterly basis from June 30, 1991, through June 30,
21 1993, including details of any increases in debt
22 relating to the payment of interest in additional
23 bonds.

24 Castle shall, of course, remain
25 current on all existing financial obligations. The

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1 progressive jackpot condition imposed as to the Taj
2 Mahal and Trump Plaza last week is herewith, if the
3 motion carries, included to be imposed as a license
4 condition on the Castle license.

5 With those timetables in place, I
6 move that we adjourn the hearing until December--until
7 July 31, 1991 pending receipt of all the material I
8 have described. At that time, the Commission should
9 be in a position to determine preliminarily if this
10 restructuring proposal can be implemented.

11 So moved.

12 COMMISSIONER HURLEY: Second.

13 CHAIRMAN PERSKIE: Comment or
14 discussion?

15 COMMISSIONER DODD: Chairman--

16 CHAIRMAN PERSKIE: Commissioner
17 Dodd.

18 COMMISSIONER DODD: My concerns lie
19 with the three words in this opening paragraph, the
20 second paragraph, for whatever reason, I have problems
21 with absolutes like that and perhaps it's the
22 different disciplines that we all come from. Those
23 absolutes don't happen in the business world. In the
24 legal profession, yes, very precise and succinct, but
25 when you are juggling the better part of a half

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1 billion dollars in assets around, rearranging them in
2 the various economic climates that we find ourselves
3 in, I wish that I could inject that in so many other
4 clauses in life. It doesn't work that way. There is
5 no doubt that most of all that's in the statement
6 today based on our regulatory concerns are very
7 legitimate, but to say that no matter what may happen
8 between now and next month we are going to do whatever
9 it is that we are threatening to do come hell or high
10 water I have problems with that and give me some
11 comfort here.

12 CHAIRMAN PERSKIE: I will respond to
13 that. Let me first ask if anybody else has any
14 comments or questions?

15 The motion and the specific details
16 of the schedule have been constructed from what I
17 perceive to be a rational evaluation of what can and
18 what needs to be done to bring this matter to a
19 conclusion in the ordinary course and on an
20 appropriate timetable. None of the requirements that
21 are here imposed in my view is impossible to meet and
22 all of them stated more affirmatively, all of them are
23 doable. It is my view that if the licensee and if the
24 several creditors that are involved have the necessary
25 commitment and understand the resolve of the

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1 Commission, that they can and that they will meet the
2 conditions that are in the motion.

3 With respect to a specific threat, I
4 don't want to indicate today, I didn't and the motion
5 can't now and wouldn't as to exactly what the
6 Commission will do at any given point. Suffice it to
7 say that today and on July 31 and on any day
8 thereafter the Commission's obligation is to protect
9 the public interest as it sees it at the time. It
10 seems to me the public interest in this instance calls
11 for a thorough and a sophisticated and a meaningful
12 resolution of all of these issues, but it calls for it
13 on a well understood, reasonable and definitive
14 timeline. I suggest that the motion constitutes a
15 well understood, understandable and doable timeline
16 that serves the public interest.

17 That's about as much comfort as I
18 think I can provide.

19 Anybody else desire to be heard?

20 On the motion: Commissioner Dodd?

21 COMMISSIONER DODD: Aye.

22 CHAIRMAN PERSKIE: Commissioner
23 Hurley?

24 COMMISSIONER HURLEY: Aye.

25 CHAIRMAN PERSKIE: Commissioner

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1 Waters?

2 COMMISSIONER WATERS: Yes.

3 CHAIRMAN PERSKIE: Vice Chair

4 Armstrong?

5 VICE CHAIR ARMSTRONG: Yes.

6 CHAIRMAN PERSKIE: And I vote yes.

7 The record will reflect the motion
8 carries unanimously.

9 (All Commissioners present voted in
10 favor of the motion)

11 CHAIRMAN PERSKIE: Are there any
12 other questions counsel?

13 All right. Thank you very much.

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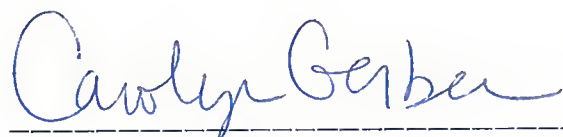
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C E R T I F I C A T E

I, CAROLYN GERBER, a Certified Shorthand Reporter and a Notary Public of the State of New Jersey, do hereby certify the foregoing to be a true and accurate transcript of my original stenographic notes taken at the time and place hereinbefore set forth.



CAROLYN GERBER, CSR

Dated: July 1, 1991.